

House Engrossed Senate Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 98

SENATE BILL 1200

AN ACT

AMENDING SECTION 38-953, ARIZONA REVISED STATUTES; RELATING TO PUBLIC
EMPLOYEE SUPPLEMENTAL DEFINED CONTRIBUTION PLANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-953, Arizona Revised Statutes, is amended to
3 read:

4 38-953. Supplemental option

5 A. A supplemental defined contribution plan is in addition to and does
6 not replace an employee's existing state defined benefit retirement plan.

7 B. Except as provided in subsection C, any contributing member of an
8 eligible group that establishes a supplemental defined contribution plan as
9 authorized by this article may participate in the supplemental defined
10 contribution plan. Participation in any plan established by an eligible
11 group authorizes the member's employer to make reductions or deductions in
12 the member's compensation. The employer shall submit any reports required by
13 the plan. Any compensation deferred under the plan shall be included as
14 regular compensation or compensation for the purpose of computing the
15 retirement and pension benefits earned by any employee participating in the
16 plan.

17 C. If the Arizona state retirement system establishes a supplemental
18 defined contribution plan and an employer member of the Arizona state
19 retirement system elects to participate in the supplemental defined
20 contribution plan, any employee member of the employer who meets the
21 eligibility requirements that are prescribed by the board for participation
22 in the supplemental defined contribution plan and that are selected by the
23 member's employer may participate in the supplemental defined contribution
24 plan.

25 D. An employee shall make an election to participate in a supplemental
26 defined contribution plan within two years after the employee first meets the
27 eligibility requirements to participate in the plan. An election to
28 participate in a plan is irrevocable and continues for the remainder of the
29 employee's employment with the employer.

30 E. If an employee elects to participate in a plan pursuant to this
31 section, the employee shall contribute an A PRESCRIBED amount ~~equal to at~~
32 ~~least one per cent~~ of the employee's gross compensation, WHICH SHALL BE A
33 PERCENTAGE OF THE EMPLOYEE'S GROSS COMPENSATION, A FIXED DOLLAR AMOUNT, AN
34 AMOUNT PRESCRIBED IN THE PLAN OR SOME OTHER DEFINITIVE AMOUNT THAT MAY NOT BE
35 MODIFIED OR REVOKED BY THE EMPLOYEE. As the plan prescribes, an employer may
36 annually increase or decrease the employee contributions in increments of one
37 per cent up to the maximum allowed by law or the employee may make a one-time
38 irrevocable election of the employee's contribution amount. An employee is
39 not required to contribute under this subsection in order to qualify for an
40 employer match under subsection F or G. The employer match may accrue from
41 any program established by the employer.

42 F. An employer may elect to match the contributions made by the
43 employee to the supplemental defined contribution plan at a rate determined
44 by the employer. The employer shall pay this amount to the supplemental
45 defined contribution plan in which the employee participates. ~~The rate of~~

1 ~~the employer match shall be determined at the beginning of that employer's~~
2 ~~budget cycle and shall terminate at the end of that budget cycle.~~

3 G. An employer may elect to match the contributions made by the
4 employee to any other program established by the employer under the internal
5 revenue code, including any plan established under internal revenue code
6 section 401(a), 403(b) or 457, at a rate determined by the employer. The
7 ~~employer shall pay this amount to the 401(a), 403(b) or 457 plan in which the~~
8 ~~employee participates. If either the employee's, the employer's or their~~
9 ~~combined contributions exceed the limits, including a limit of zero,~~
10 ~~prescribed by the internal revenue code for the 401(a), 403(b) or 457 plan,~~
11 ~~the amount in excess of the limits may be contributed to the supplemental~~
12 ~~defined contribution plan in which the employee participates. EMPLOYEE SHALL~~
13 DETERMINE WHETHER THE EMPLOYER PAYS THE MATCHING CONTRIBUTION TO THE 401(a),
14 403(b), OR 457 PLAN IN WHICH THE EMPLOYEE PARTICIPATES, TO THE SUPPLEMENTAL
15 DEFINED CONTRIBUTION PLAN IN WHICH THE EMPLOYEE PARTICIPATES OR TO ANY OTHER
16 PLAN ESTABLISHED BY THE EMPLOYER.

17 H. The rate of the employer match UNDER SUBSECTION F OR G shall be
18 determined at the beginning of that employer's budget cycle and shall
19 terminate at the end of that budget cycle. IF AN EMPLOYER ELECTS TO MATCH
20 UNDER SUBSECTION F OR G, THE EMPLOYER SHALL MAKE THE CONTRIBUTIONS.

APPROVED BY THE GOVERNOR APRIL 18, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2007.